



United States  
Department of  
Agriculture

Consolidated  
Farm Service  
Agency

P.O. Box 2415  
Washington, D.C.  
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FmHA AN No. 3192 (1955-A)

August 14, 1995

TO: All Acting State Directors, District Directors  
and County Supervisors  
Rural Economic and Community Development

ATTN: Farmer Programs Chief

FROM: Lou Anne Kling *Lou Anne Kling 8-14-95*  
Acting Deputy Administrator for  
Farm Credit Programs

SUBJECT: Account Description Flags for Farmer Programs Borrowers

PURPOSE/INTENDED OUTCOME:

The purpose of this memorandum is to provide guidance on when flags will be used and by whose authority flags will be processed to the account.

IMPLEMENTATION RESPONSIBILITIES:

States will be required to comply with the requirements contained in this memorandum for adding and removing account flags. All FP borrower cases reflecting the conditions for flagging must be reviewed to determine if the account is flagged properly. All existing flagged accounts shown on the Finance Office 540 and 580 Reports must also be reviewed and the flag removed if no longer applicable to the borrower's current status.

Servicing officials should review the 540 and 580 reports monthly to determine if a servicing action is needed. Particular attention should be given to flagged accounts since the payment status cannot always be reported correctly for reasons such as payments being held in suspense or transactions not being processed. In addition, a maximum of four flags can be recorded in the accounting system for each borrower subject to certain limitations. However, only three flags will be reported on the 540 and 580 Reports. This should not create a problem since most borrowers will not have more than three flags at one time.

The following prescribes the procedures for flagging accounts:

(1) Acceleration (ACL) - This is a new flag that has just been released. ACL will be used when an FP borrower is accelerated in accordance with FmHA Instruction 1955-A. State and District Offices only have the capability to assign and process ACL flags. Form 1951-6 will not be used. A printed copy of the 5G transaction will be signed by the District Director or Farmer Programs Chief and placed in the

EXPIRATION DATE: August 31, 1996

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1955-A

borrower case file. The date of acceleration should be noted on the copy for future use. This date must match the date entered in AGCREDIT.

(A) All accounts currently accelerated must be flagged by September 30, 1995.

(B) All accounts accelerated from this date forward must be flagged the same day the acceleration notice is signed by the District Director or designee.

(C) The ACL flag will remain on the account indefinitely unless deaccelerated by the approval official.

(2) Foreclosure Action Pending (FAP) - The account will be flagged FAP in judicial states when the account is referred to the Office of the General Counsel (OGC) for foreclosure action. In non-judicial states, the account will be flagged FAP when the foreclosure sale has been scheduled. Third party foreclosures will be flagged FAP when the Agency is notified of the foreclosure suit. State Office only has the authority to assign and remove FAP flags. The FAP flag will be removed when the foreclosure is completed or when other actions occur that will stop foreclosure action such as bankruptcy or court action.

(3) Court Action Pending (CAP) - The account will be flagged CAP when a civil or criminal case is referred to OGC for other than foreclosure. Only the State Office can assign and remove CAP flags. The CAP flag will be removed when the action that initiated the CAP is concluded.

(4) Bankruptcy Action Pending (BAP) - The account will be flagged BAP upon receipt of notification that the borrower has filed bankruptcy. County, District, and State Offices have the authority to assign and remove BAP flags. BAP flags will be removed when the bankruptcy is dismissed, or after the borrower is discharged and no longer under court jurisdiction and when the case has been closed.

(5) Subject to Approved Adjustment (SAA) - The account is flagged SAA by the Finance Office when a Chapter 12 confirmed plan is processed to the account or when a borrower is paying under a debt settlement adjustment agreement. The State Office will notify the Finance Office by memorandum to establish the borrower's account in accordance with the bankruptcy confirmed plan. For debt settlement adjustments, the State Office will send Form 1956-1 and other related documents to the Finance Office attached to the 3K transmittal letter in accordance with the ADPS manual. The SAA flag will be removed by the Finance Office upon receipt of a memorandum by the State Office indicating the bankruptcy plan is completed and the case is closed. Any debt to be cancelled will be processed in accordance with paragraph 1956.70(b)(3)(iii) of FmHA Instruction 1956-B and the ADPS manual. NOTE: If the debt cannot be cancelled because another party is liable for the full amount, the SAA should be removed and the account flagged 51-S. The 51-S flag will remain until automation is available to split the account.

(6) Third Party Judgment (TPJ) - The account is flagged TPJ when a judgment is obtained against a third party. Only the Finance Office can assign TPJ Flags. The State Office will process the judgment with a 3T transaction in accordance with the ADPS manual and send Form FmHA 1951-6 to the Finance Office attached to the 5G transmittal letter to be flagged TPJ. The State Office should also remove the CAP flag at this time. If the judgment is to be reversed, the State Office must send Form 1951-6 to the Finance Office attached to a 5H transmittal letter.

(7) Deferral (DEF) - The DEF flag will be processed by the County Office when a deferral is received under FmHA Instruction 1951-S. The flag will be processed and sequenced with the 1M and 5W transactions in accordance with the ADPS manual.

(8) Automation of FmHA Instruction 1951-S requirements pending (51-S) - This flag will be used by the County Office to identify what accounts have received 1951-S or 1951-T servicing but could not be processed through ADPS due to limited ADPS capabilities. The 51-S flag will also be used to identify cases where the debt cannot be cancelled after a bankruptcy discharge because another party is liable for the full amount. These accounts will remain flagged until the ADPS transactions are available. A copy of the necessary source documents should be placed in a pending file for future processing.

(9) Special Debt Set-aside - This flag is no longer used except by the Finance Office for accounting purposes.

If you have any questions, please contact Kim Laris, Loan Servicing and Property Management Division, at 202-720-1659.

Sent by Electronic Mail on 8-15-95 at 3:26.